

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3745 - HB 3830

February 27, 2012

SUMMARY OF BILL: Creates the Tennessee Colon Cancer Screening Program which requires the Department of Health (DOH) to provide colon cancer screening for uninsured individuals who are 50 to 64 years of age and other uninsured high risk individuals. Requires DOH to establish a data collection system to document the number and demographic characteristics of the individuals screened, and the types of colon cancer screening performed under the program. Creates an advisory committee to consult with DOH in the administration of the program. Requires all individual and group health insurance policies that provide coverage for hospital and surgical expenses to provide coverage for colorectal screening tests.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$1,940,842/FY12-13
\$3,694,884/FY13-14 and Subsequent Years
\$1,400/Each One-Day Meeting**

Increase Local Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation may result in an increase in the cost of health insurance premiums for plans that do not cover colorectal screening tests. It is estimated that the increase to each individual's total premium will be less than one percent. A one percent increase in premium rates could range between \$50 (single coverage) and \$140 (family coverage) on average depending on the type of plan.

Assumptions:

- According to DOH, staffing for this program will be similar to the Breast and Cervical Cancer Screening Program staff because the proposed program has similar screening and data collection requirements.
- The Department estimates the need for a program director, a nurse consultant, an information resource specialist, a public health educator, and an administrative assistant to manage, administer, and support the program from the central office. DOH also estimates that each of the seven regions will need a nurse consultant to establish the

program in the region, train staff for data collection, monitor test results, and provide case management.

- The increase in recurring state expenditures for these twelve positions will be \$888,884 (\$543,239 salary + \$152,245 benefits and insurance + \$94,800 administrative costs + \$49,200 office leases + \$18,200 communications and networking + \$24,000 travel + \$7,200 supplies).
- One-time increase in state expenditures will be \$52,800 (\$32,400 office setup + \$20,400 computers and printers).
- Based on the U.S. Census Bureau estimates, DOH estimates that 15,000 uninsured individuals will be screened. Based on the Medicare rate for an office visit (\$86), FOBT kit (\$5), and lab costs (\$5), the estimated cost per screening will be \$96 resulting in a recurring increase in state expenditures of \$1,440,000 (15,000 x \$96).
- DOH estimates that approximately nine percent, or 1,350 (15,000 x 9%), would need further testing. The Medicare rate for a colonoscopy is \$600 resulting in a recurring increase in state expenditures of \$810,000 (1,350 x \$600).
- According to DOH, the rate of incidence of colon cancer is one in one thousand. Providing treatment for colon cancer to two individuals will result in a recurring increase in state expenditures of \$100,000 (2 x \$50,000 per treatment).
- DOH contracts with Davidson, Hamilton, Knox, Madison, Shelby, and Sullivan counties to provide services and estimates a one-time increase in state expenditures of \$30,600 and a recurring increase in state expenditures of \$426,000 for those counties to provide the screening program.
- One-time increase in state expenditures associated with technical modifications to the Patient Tracking and Billing Management Information System to collect the necessary patient data will be \$10,000.
- The bill requires the establishment of an ongoing colon cancer screening public awareness campaign. The campaign will include design and branding, market testing and production of print material for billboards, news ads, radio, and general outreach through community organizations, and will result in a recurring increase in state expenditures of \$30,000.
- DOH estimates that the colon cancer advisory committee would be comprised of 11 members that will not be compensated, but will receive travel reimbursement. Each member will receive \$126.96 per meeting for mileage resulting in an increase in state expenditures of \$1,396.56 (\$126.26 x 11 members) per each one-day meeting.
- Since the bill takes effect January 1, 2013, all one-time expenditures (\$93,400) and one half (\$1,847,442) of total recurring expenditures will occur in FY12-13.
- The Department of Commerce and Insurance will not incur a significant increase in expenditures to regulate the mandated coverage. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.
- According to the Department of Finance and Administration, this mandate will not have an impact on the State Employee, Local Government, or Local Education Health Plans.
- The Cover Tennessee and TennCare programs offer coverage for colorectal cancer screenings as appropriate under standards of medical necessity.
- Any local government that does not opt into the state employee health plan may incur an increase in expenditures if colorectal cancer screenings are not a covered benefit. Any increase is estimated to be not significant.

- Private sector health insurance premium impact: Tenn. Code Ann. § 56-7-2363 mandates that health insurers provide coverage for colorectal cancer examinations and laboratory tests. To the extent that plans do not currently cover colorectal screening tests, health insurance premiums may increase to cover the costs of the additional testing. According to the *Health Insurance Mandates in the States 2010* report by the Council for Affordable Health Insurance (CAHI), the estimated cost to health insurance for colorectal screenings is less than one percent of the total premiums in Tennessee. It is estimated that the increase to each individual's total premium will be less than one percent. Based on a 2011 report by the Fiscal Review Committee staff, a one percent increase in premium rates will range between \$50 (single coverage) and \$140 (family coverage) on average depending on the type of plan.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

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